

## State Corporation Commission 2005 Fiscal Impact Statement

**1. Bill Number** SB987

**House of Origin**     Introduced     Substitute     Engrossed

**Second House**     In Committee     Substitute     Enrolled

**2. Patron**        Watkins

**3. Committee**    Passed Both Houses

**4. Title**         Gas pipeline safety.

**5. Summary/Purpose:** Gas pipeline safety. Authorizes the State Corporation Commission to act for the U.S. Secretary of Transportation to implement federal pipeline safety laws with respect to municipal gas systems. Also provides that after each inspection, there will be an exit interview conducted prior to reporting to the U.S. Department of Transportation. The Commission is not authorized to impose civil penalties or fines on any locality, or to regulate the rates, terms, and conditions of service of any locality providing gas service, except as otherwise provided. As the Commission's pipeline safety program currently covers investor-owned and master-metered systems and intrastate hazardous liquid pipelines, this measure gives the Commission safety jurisdiction over all intrastate gas and hazardous liquid pipeline facilities. The measure also relocates provisions currently located in other Code sections, that address violations of pipeline safety codes and pipelines that transport landfill gas, into one Code section. The bill provides that the authority granted shall be exercised in a manner that is not inconsistent with referenced federal regulations and pipeline safety laws.

**6.** Fiscal Impact Estimates are: Not available.

**7. Budget amendment necessary:** No.

**8. Fiscal implications:** The State Corporation Commission's Division of Utility and Pipeline Safety will hire one inspector for the fiscal year 2005 – 2006 with an estimated expenditure impact of \$ 70,000. This position is needed to conduct inspections of the three municipal gas systems. Thereafter, in following years, additional staff will be hired as necessary. Additional positions would depend on the number of jurisdictional non-utility systems identified. The Division of Utility and Railroad Safety estimates that an additional two positions may be needed over the 2006-2008 timeframe to perform the inspections of non-utility facilities. Positions will only be added on an as-needed basis. There is a projected figure of \$ 140,000 for the addition of two positions which may be needed over the 2006 – 2008 timeframe to perform the inspections of non-utility facilities. A special fund and federal funds will provide the source of the funds for these positions. Up to 50% of the cost for these positions will be provided by a Federal Grant. The dollar figures represent the estimated cost of each position including salary and fringe benefits.

**9. Specific agency or political subdivisions affected:** State Corporation Commission and its Division of Utility and Railroad Safety; any county, city or town owning or operating a gas system and pipeline facility

**10. Technical amendment necessary:** No.

**11. Other comments:** This bill was introduced at the request of the State Corporation Commission at the suggestion of the federal Office of Pipeline Safety within the United States Department of Transportation.

**Date:** 03/03/05 MTAB

cc: Secretary of Public Safety